

ORDINANCE NO. _____, SERIES 2007

AN ORDINANCE ESTABLISHING A DEVELOPMENT AREA PURSUANT TO 2007 HOUSE BILL 549 TO BE KNOWN AS THE CENTRAL DOWNTOWN REVITALIZATION DISTRICT DEVELOPMENT AREA, DESIGNATING THE METRO DEVELOPMENT AUTHORITY, INC. AS AN “AGENCY”, APPROVING ENTERING INTO A LOCAL PARTICIPATION AGREEMENT, AUTHORIZING THE RELEASE OF THE “RELEASED AMOUNT” PURSUANT TO THE TERMS AND CONDITIONS OF THE LOCAL PARTICIPATION AGREEMENT, REQUIRING THE SUBMISSION OF REGULAR REPORTS TO THE COUNCIL AND AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS AND THE TAKING OF ANY OTHER ACTIONS NECESSARY TO ACCOMPLISH THE PURPOSES AUTHORIZED BY THIS ORDINANCE.

Sponsored By: Councilmen Tandy and Blackwell

WHEREAS, the 2007 General Assembly enacted 2007 House Bill 549 (the “Act”) relating to tax increment financing and urban redevelopment, which Act authorizes the Signature Project Program to encourage private investment in the development of major projects that will have a significant impact in the Commonwealth; and

WHEREAS, the Cordish Company (“Developer”) intends to undertake a major project in downtown Louisville to develop a mixed-use district containing retail, restaurants, clubs, hotel, office, housing, common areas, restored Louisville Gardens, parking garage, public plaza and other public infrastructure, as more particularly described in Exhibit A attached hereto (the “Project”); and

WHEREAS, the Project will cost in excess of \$200 million and will represent new economic activity in the Commonwealth and therefore qualifies as a “Signature Project” under the Act; and

WHEREAS, the Council finds that the Development Area as illustrated on Exhibit B (the “Development Area”) attached hereto is an area in need of public improvement and the Project to be undertaken in the Development Area by the Developer will result in the increase in the value of property located in the Development Area and will result in increased employment within the Development Area; and

WHEREAS, the use of tax increment financing has proven to be successful and of great benefit to areas in need of revitalization and development in other parts of the country; therefore, the development of a “Signature Project”, within the meaning of the Act and as presented by Developer, to enable Louisville and the Commonwealth to use tax increment financing to encourage major economic development projects, is a worthy public purpose; and

WHEREAS, Louisville Metro is authorized under the Act to execute a local participation agreement or contract with an agency in acknowledgement of benefits to be derived by Louisville within a development area in order to promote the public purpose of Louisville; and

WHEREAS, the Metro Development Authority, Inc. (“MDA”) is organized and incorporated as a non-profit, non-stock corporation organized on behalf of Louisville Metro pursuant to KRS Chapter 58; and

WHEREAS, Louisville Metro desires to assist Developer with the costs of the Project and agrees to enter into this Local Participation Agreement with MDA in order to pay to MDA the Released Amount (as hereinafter defined) for use solely for purposes of the Project.

BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (THE COUNCIL) AS FOLLOWS:

Section 1. That the Council finds as follows:

- A. All statements of fact set forth in the recitals to this Ordinance are found true and correct and are incorporated herein by reference.
- B. The establishment of the Development Area shall not cause the assessed value of taxable real estate in all development areas located in Louisville Metro to exceed 20% of the assessed value of all taxable real property in Louisville Metro.
- C. There exists inadequate public infrastructure in the Development Area and the costs required to repair and improve existing infrastructure and to construct new infrastructure impedes the development of commercial property within the Development Area.
- D. As supported by the data and findings contained in Exhibit C, attached hereto:
 1. There is inadequate public improvements in the Development Area; and
 2. The development of commercial property and the undertaking of other economic development activities in the Development Area are currently impeded by a combination of factors impairing such development; and
 3. The Development Area will not reasonably be developed without public assistance; and
 4. The public benefits to be derived by the Development Area justify the public costs to Louisville Metro; and

Section 2. That the Development Area as illustrated in Exhibit B is designated as a development area pursuant to the Act and shall be named the Central Downtown Revitalization District Development Area and shall be established as of the effective date of this Ordinance and shall terminate on the earlier of (a) the termination of the Local Participation Agreement, or (b) 40 years from the date hereof.

Section 3. That the Metro Development Authority, Inc., a Kentucky non-profit corporation is hereby designated as the Agency, pursuant to the terms of the Act, which shall be the recipient of the Released Amount under the Local Participation Agreement and shall oversee and administer the implementation of the Development Area. No less than annually, MDA shall submit a report to the Division of Tax Increment Financing within the Office of the Commissioner of the Kentucky Department of Revenue (i) certifying the use of the Released Amount for the payment of approved project costs within the Development Area, and (ii) providing an accounting of the receipt and use of the Released Amount.

Section 4. The Mayor is authorized to negotiate and enter into a Local Participation Agreement with MDA substantially in the form attached hereto as Exhibit D, for the release to MDA of a portion of the New Revenue (as these terms are defined in the Local Participation Agreement) (“Released Amount”) to be derived by Metro Louisville within the Development Area.

Section 5. That MDA as the Agency for the Project is authorized to enter into the Local Participation Agreement with Louisville Metro and a Grant Agreement pursuant to the terms of the Act (“Grant Agreement”) with the Commonwealth of Kentucky (“State”);

Section 6. That the Department of Finance is designated as the department in Louisville Metro to oversee the payment of the Released Amount and to review all documentation concerning the Project, its progress, costs and development. The Department of Finance shall annually submit to the Council a report concerning the Development Area including but not limited to:

- A. An accounting of all payments made to MDA pursuant to the Local Participation Agreement;
- B. An analysis and review of development activity within the Development Area;
- C. The progress made toward meeting the stated goals of the Development Area;
- D. An accounting of the Approved Public Infrastructure Costs, Approved Signature Project Costs, and Financing Costs incurred by Developer or its affiliates.

Section 7. That the Council authorizes Louisville Metro to pay annually to MDA, the Released Amount which shall be a sum no less than 80% of the New Revenue (as calculated pursuant to the Local Participation Agreement) subject to the following conditions.

- A. Louisville Metro shall have no obligation to pay the Released Amount to MDA until the State and MDA have entered into the Grant Agreement;
- B. Louisville Metro shall withhold payment of the Released Amount until the State certifies to Louisville Metro, pursuant to the terms of the Local Participation Agreement that the minimum capital investment equal to \$200 million has been made in the Project (the “Minimum Capital Investment”). Until such time that the Minimum Capital Investment has been made, the Department of Finance shall deposit the Released Amount into an escrow account. Upon the certification of the Minimum Capital Investment, the Department of Finance shall pay to MDA the accumulated balance of the Released Amount in the escrow fund (“Escrowed Amount”). In the event that the Minimum Capital Investment is not certified by a date ten (10) years from the effective date of this Ordinance, the Escrowed Amount shall be paid into the Louisville Metro General Fund.
- C. In no event shall the cumulative total of the Released Amount paid to MDA over the term of the Local Participation Agreement and the Released Amount paid to MDA by the Commonwealth over the term of the Grant Agreement exceed the Eligible Project Costs as defined in the Local Participation Agreement.

Section 8. That MDA shall establish a Special Fund pursuant to the Act for the Development Area as set forth in the Local Participation Agreement.

Section 9. That the Mayor and other appropriate Louisville Metro officials, and each of them, for and on behalf of Louisville Metro, are authorized, empowered and directed to do and perform any and all things necessary to effect the execution of the Local Participation Agreement, the performance of all obligations of Louisville Metro under and pursuant to the Local Participation Agreement and related documents, and the performance of all other actions of whatever nature necessary to effect and carry out the authority conferred by this Ordinance and the Local Participation Agreement. The Mayor and other appropriate Louisville Metro officials are further authorized, empowered and directed for and on behalf of Louisville Metro to execute all papers, letter, documents, undertakings, certificates, assignments, forms, instruments and closing papers that may be required for the carrying out and effectuation of the authority conferred by and for the purposes of this Ordinance and the Local Participation Agreement, or to evidence said authority and purposes, and to exercise and otherwise take all action necessary to the full realization of the rights and purposes of Louisville Metro under the Local Participation Agreement and related documents and to perform all of the obligations of Louisville Metro under the Local Participation Agreement and related documents.

Section 10. That Ordinance No 226, Series 2006 enacted by the Council on December 7, 2006 is amended as permitted by Section 2 thereof to amend the boundaries of the project numbered (2) therein and referred to as “Fourth Street Live! and possible expansion” by deleting the description contained therein and inserting in lieu thereof the boundaries of the Central Downtown Revitalization District Development Area as illustrated in Exhibit B of this Ordinance and to provide that the following taxes generated in a attributable to the Central Downtown Revitalization District Development Area shall be exempt from Ordinance No 226, Series 2006: State sales and ad valorem taxes and Louisville Metro ad valorem taxes and occupational license fees.

Section 11. That this Ordinance shall take effect upon passage and approval.

Kathleen J. Herron
Metro Council Clerk

Rick Blackwell
President of the Council

Jerry E. Abramson
Mayor

Approved: _____
Date

APPROVED AS TO FORM AND LEGALITY:

Irv Maze, Jefferson County Attorney

By:_____

Central Dwntwn.Revit.Entertainment District Dev.Area Ord.by D.Morris ROCbknDraft1.doc
Central Dwntwn.Revit.Entertainment District Dev.Area Ord.by D.Morris ROCbknDraft2.doc

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